investment under priority sector lending and encouraging banks to increasingly lend directly to the farmers/other priority sector borrowers, RBI has advised all scheduled commercial banks (including Regional rural Banks) on 15th December, 2004. The content of the guidelines are as under:—

(i) The extant guidelines in respect of classifying the investment by banks in the bonds issued by the specified institutions, viz. State Financial Corporations (SFCs), State Industrial Development Corporations (SIDCs) Rural Electrification Corporation (REC), NABARD, SIDBI, the National Small Industries Corporation Ltd. (NSIC), NHB and HUDCO, as under priority sector lending may continue up to March, 31, 2005;

(ii) The investment that may be made by the banks on or after April 1, 2005 in the bonds issued by the specified institutions (except NABARD), i.e. REC, SFCs/SIDCs, SIDBI, NSIC, NHB and HUDCO shall not be eligible for classification under priority sector lending;

(iii) The investments, which have already been made by banks upto March 31, 2005, in the special bonds issued by the above specified institutions (except NABARD), shall not be eligible for classification under priority sector lending with effect from April 1, 2006; and

(iv) The investment in the special bonds issued by NABARD shall not be eligible for classification under priority sector lending with effect from April 1, 2007.

Setting up of co-operative banks

84. PROF. M.M. AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to set up co-operative banks in the different States of the country;

(b) if so, the details thereof, location-wise and State-wise; and

(c) the effective measures initiated by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.